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8

9 **BEFORE THE**
DEPARTMENT OF CONSUMER AFFAIRS
10 **FOR THE BUREAU FOR PRIVATE POSTSECONDARY EDUCATION**
STATE OF CALIFORNIA
11

12 In the Matter of the First Amended Statement
of Issues Against:

Case No. 998997

13
14 **WASHINGTON INSTITUTE FOR**
GRADUATE STUDIES; ROBERT N.
15 **HANSON, President and 41% Owner;**
16 **TERRI B. HANSON, 41% Owner**

FIRST AMENDED
STATEMENT OF ISSUES

17 Respondents.

18 Complainant alleges:

19 **PARTIES**

20 1. Joanne Wenzel (Complainant) brings this First Amended Statement of Issues solely
21 in her official capacity as the Chief of the Bureau for Private Postsecondary Education,
22 Department of Consumer Affairs.

23 2. On or about January 6, 2011, the Bureau for Private Postsecondary Education
24 received an application for an approval to operate Washington Institute for Graduate Studies, a
25 non-accredited institution, from Robert N. Hanson, President and 41% Owner and Terri B.
26 Hanson, 41% Owner (Respondents). On or about October 15, 2010, Robert N. Hanson certified
27 under penalty of perjury to the truthfulness of all statements, answers, and representations in the
28 application. The Bureau denied the application on May 3, 2013.

*
JURISDICTION

1
2 3. This First Amended Statement of Issues is brought before the Director of the
3 Department of Consumer Affairs (Director) for the Bureau for Private Postsecondary Education,
4 under the authority of the following laws. All section references are to the Education Code unless
5 otherwise indicated.

6 4. The former Bureau for Private Postsecondary and Vocational Education sunsetted on
7 July 1, 2007. On October 11, 2009, the Bureau for Private Postsecondary Education Act of 2009
8 (SB 48 and hereinafter, "the Act") was signed into law. The Act, which became operative on
9 January 1, 2010, established the Bureau for Private Postsecondary Education (hereinafter
10 "Bureau").

11 5. Education Code Section 94886 states:

12 Except as exempted in Article 4 (commencing with section 94874) or in
13 compliance with the transition provisions in Article 2 (commencing with
14 Section 94802), a person shall not open, conduct, or do business as a private
15 postsecondary educational institution in this state without obtaining an approval
16 to operate under this chapter.

17 6. Education Code Section 94887 states:

18 An approval to operate shall be granted only after an applicant has presented
19 sufficient evidence to the bureau, and the bureau has independently verified the
20 information provided by the applicant through site visits or other methods
21 deemed appropriate by the bureau, that the applicant has the capacity to satisfy
22 the minimum operating standards. The bureau shall deny an application for an
23 approval to operate if the application does not satisfy those standards.

24 7. Title 5, California Code of Regulations (hereinafter "CCR"), section 71400.5 states:

25 (a) The inclusion of false or misleading information, or the intentional or
26 negligent omission of pertinent information on any application may result in the
27 denial of the application or a delay in processing, and may be grounds for
28 action pursuant to Article 18 of the Act.

 (b) In addition to denying an application pursuant to section 94887 of the Code,
the Bureau may deny any application based on any act that constitutes grounds
for the denial of a license under Section 480 of the Business and Professions
Code, incorporated herein by reference.

 (c) The proceedings under this section shall be conducted in accordance with
Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2
of the Government Code.

///

STATUTORY AND REGULATORY PROVISIONS

8. Title 5, CCR, section 71100 states:

(a) An applicant seeking approval to operate pursuant to Section 94886 of the Code, other than Approval to Operate by Accreditation pursuant to Section 94890(a)(1) of the Code, shall complete the "Application for Approval to Operate for an Institution Not Accredited," Form Application 94886 (rev. 2/10). An applicant seeking approval to operate by accreditation pursuant to Section 94890(a)(1) of the Code shall comply with section 71390.

(b) An applicant shall submit the completed form, the information or documentation required by this Article, the appropriate application fee as provided in Section 94930.5(a)(1) of the Code, and any appropriate annual fee as required by Article 1 of Chapter 5 of this Division, to the Bureau.

(c) An application that fails to contain all of the information required by this article shall render it incomplete.

9. Education Code section 94897 states:

An institution shall not do any of the following:

...

(j) In any manner make an untrue or misleading change in, or untrue or misleading statement related to, a test score, grade or record of grades, attendance record, record indicating student completion, placement, employment, salaries, or financial information, including any of the following:

...

(3) Any other record or document required by this chapter or by the bureau.

....

10. Education Code section 94900.5 states:

An institution shall maintain, for a period of not less than five years, at its principal place of business in this state, complete and accurate records of all of the following information:

(a) The educational programs offered by the institution and the curriculum for each.

(b) The names and addresses of the members of the institution's faculty and records of the educational qualifications of each member of the faculty.

(c) Any other records required to be maintained by this chapter, including, but not limited to, records maintained pursuant to Article 16 (commencing with Section 94928).

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11. Education Code section 94909 states:

(a) Prior to enrollment, an institution shall provide a prospective student, either in writing or electronically, with a school catalog containing, at a minimum, all of the following:

...

(3) The following statements:

...

(B) "As a prospective student, you are encouraged to review this catalog prior to signing an enrollment agreement. You are also encouraged to review the School Performance Fact Sheet, which must be provided to you prior to signing an enrollment agreement."

...

(4) The address or addresses where class sessions will be held.

(5) A description of the programs offered and a description of the instruction provided in each of the courses offered by the institution, the requirements for completion of each program, including required courses, any final tests or examinations, any required internships or externships, and the total number of credit hours, clock hours, or other increments required for completion.

....

(7) Information regarding the faculty and their qualifications.

(8) A detailed description of institutional policies in the following areas:

(A) Admissions policies, including the institution's policies regarding the acceptance of credits earned at other institutions or through challenge examinations and achievement tests, admissions requirements for ability-to-benefit students, and a list describing any transfer or articulation agreements between the institution and any other college or university that provides for the transfer of credits earned in the program of instruction. If the institution has not entered into an articulation or transfer agreement with any other college or university, the institution shall disclose that fact.

...

(C) Probation and dismissal policies.

(D) Attendance policies.

(E) Leave-of-absence policies.

(9) The schedule of total charges for a period of attendance and an estimated schedule of total charges for the entire educational program.

1 ...
2 (12) A statement specifying whether the institution has a pending petition
3 in bankruptcy, is operating as a debtor in possession, has filed a petition within
4 the preceding five years, or has had a petition in bankruptcy filed against it
5 within the preceding five years that resulted in reorganization under Chapter 11
6 of the United States Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).

7 ...
8 (14) A description of the student's rights and responsibilities with respect
9 to the Student Tuition Recovery Fund. This statement shall specify that it is a
10 state requirement that a student who pays his or her tuition is required to pay a
11 state-imposed assessment for the Student Tuition Recovery Fund. This
12 statement shall also describe the purpose and operation of the Student Tuition
13 Recovery Fund and the requirements for filing a claim against the Student
14 Tuition Recovery Fund.

15 (15) The following statement:

16 "NOTICE CONCERNING TRANSFERABILITY OF CREDITS
17 AND CREDENTIALS EARNED AT OUR INSTITUTION

18 The transferability of credits you earn at (name of institution) is at
19 the complete discretion of an institution to which you may seek to
20 transfer. Acceptance of the (degree, diploma, or certificate) you
21 earn in (name of educational program) is also at the complete
22 discretion of the institution to which you may seek to transfer. If the
23 (credits or degree, diploma, or certificate) that you earn at this
24 institution are not accepted at the institution to which you seek to
25 transfer, you may be required to repeat some or all of your
26 coursework at that institution. For this reason you should make
27 certain that your attendance at this institution will meet your
28 educational goals. This may include contacting an institution to
which you may seek to transfer after attending (name of institution)
to determine if your (credits or degree, diploma or certificate) will
transfer."

(16) A statement specifying whether the institution, or any of its degree
programs, are accredited by an accrediting agency recognized by the United
States Department of Education. If the institution is unaccredited and offers an
associate, baccalaureate, master's, or doctoral degree, or is accredited and offers
an unaccredited program for an associate, baccalaureate, master's, or doctoral
degree, the statement shall disclose the known limitations of the degree
program, including, but not limited to, all of the following:

(A) Whether a graduate of the degree program will be eligible to sit
for the applicable licensure exam in California and other states.

(B) A degree program that is unaccredited or a degree from an
unaccredited institution is not recognized for some employment positions,
including, but not limited to, positions with the State of California.

(C) That a student enrolled in an unaccredited institution is not
eligible for federal financial aid programs.

....

12. Education Code section 94911 states:

An enrollment agreement shall include, at a minimum, all of the following:

(a) The name of the institution and the name of the educational program, including the total number of credit hours, clock hours, or other increment required to complete the educational program.

(b) A schedule of total charges, including a list of any charges that are nonrefundable and the student's obligations to the Student Tuition Recovery Fund, clearly identified as nonrefundable charges.

...

(d) A clear and conspicuous statement that the enrollment agreement is legally binding when signed by the student and accepted by the institution.

....

(h) The transferability disclosure that is required to be included in the school catalog, as specified in paragraph (15) of subdivision (a) of Section 94909.

...

(j) The following statements:

(1) "Any questions a student may have regarding this enrollment agreement that have not been satisfactorily answered by the institution may be directed to the Bureau for Private Postsecondary Education at (address), Sacramento, CA (ZIP Code), (Internet Web site address), (telephone and fax numbers)."

(2) "A student or any member of the public may file a complaint about this institution with the Bureau for Private Postsecondary Education by calling (toll-free telephone number) or by completing a complaint form, which can be obtained on the bureau's Internet Web site (Internet Web site address)."

...

13. Education Code section 94913 states:

(a) An institution that maintains an Internet Web site shall provide on that Internet Web site all of the following:

(1) The school catalog.

(2) A School Performance Fact Sheet for each educational program offered by the institution.

(3) Student brochures offered by the institution.

(4) A link to the bureau's Internet Web site.

1 (5) The institution's most recent annual report submitted to the bureau.

2 ...

3 14. Title 5, CCR, section 71130 states:

4 ...

5 (c) The institution shall provide a statement from any person identified in
6 subdivision (a) of this section who -

7 (1) Was found in any judicial or administrative proceeding to have
8 violated the Act or the law of any other state related to untrue or misleading
9 advertising, the solicitation of prospective students for enrollment in an
10 educational service, or the operation of a postsecondary school;

11 (2) Was denied any type of license on grounds set forth in Section 480 of
12 the Business and Professions Code;

13 ...

14 (4) Has stipulated to a judgment or administrative order or entered a
15 consent decree involving any of the matters described in this section.

16

17 15. Title 5, CCR, section 71135 states:

18 The institution shall include in its Form Application 94886 the name, physical
19 address, telephone number, fax number, and e-mail address for the agent for
20 service of process in California as required by section 94943.5 of the Code. The
21 agent shall be at an address other than the address of the institution or any
22 branch. The agent must confirm the information and acknowledge in writing
23 that he or she is the designated agent for service of process. The information
24 shall be kept current pursuant to section 74190.

25 16. Title 5, CCR, section 71140(b) states in part:

26 The institution shall provide a description of the job duties and responsibilities
27 of each administrative and faculty position.

28 17. Title 5, CCR, section 71210 states:

(a) The institution shall identify and describe the educational program it offers,
or proposes to offer. If the educational program is a degree program, the
institution shall identify the full title which it will place on each degree
awarded.

(b) In addition to the general title, such as "Bachelor of Arts" or "Master of
Science," each degree title shall include the name of a specific major field of
learning involved.

(c) In addition, the institution shall list the following for each educational
program offered:

1 (1) The admissions requirements, including minimum levels of prior
education, preparation, or training;

2 (2) If applicable, information regarding the ability-to-benefit examination
3 as required by section 94904 of the Code;

4 (3) The types and amount of general education required;

5 (4) The title of the educational programs and other components of
6 instruction offered, including a description of the level of the courses (e.g.,
below college level, undergraduate level, graduate level);

7 (5) The method of instruction;

8 (6) The graduation requirements; and

9 (7) Whether the educational program is designed to fit or prepare students
10 for employment in any occupation. If so, the Form Application 94886 shall
11 identify each occupation and job title to which the institution represents the
educational program will lead.

12 18. Title 5, CCR, section 71220 states:

13 For each educational program that the institution offers or proposes to offer, the
14 Form Application 94886 shall contain a statement that the educational program
meets the requirements of section 71710, as well as the following:

15 ...

16 Upon request, the institution shall provide to the Bureau copies of the
curriculum or syllabi required pursuant to section 71710.

17 19. Title 5, CCR, section 71260 states:

18 (a) For each program offered, the Form Application 94886 shall contain a
19 description of the facilities and the equipment which is available for use by
students at the main, branch, and satellite locations of the institution.

20 ...

21 (c) The description of the physical facilities shall include building diagrams or
22 campus maps to assist the Bureau in locating these facilities. The diagrams or
maps shall identify the location of classrooms, laboratories, workshops, and
23 libraries.

24

25 20. Title 5, CCR section 71270 states:

26 The Form Application 94886 shall include a description of library holdings,
27 services, and other learning resources, including policies and procedures for
supplying them to students who do not receive classroom instruction. The
28 description need not consist of a list of each holding. The description shall
include an explanation of how the library and other learning resources are

1 sufficient to support the instructional needs of students and, if no facilities exist
2 at the institution, how and when students may obtain access to a library and
3 other learning resources as required by the curriculum.

4
5
6 21. Title 5, CCR, section 71320 states:

7 The Form Application 94886 shall contain a description of the procedures used
8 by the institution to assure that it is maintained and operated in compliance with
9 the Act and this Division.

10
11 22. Title 5, CCR, section 71340 states in part:

12 (a) The institution shall include in the Form Application 94886 any material
13 facts, which have not otherwise been disclosed in the Form Application 94886
14 that without inclusion would cause the information in the Form Application
15 94866 to be false, misleading or incomplete or that might reasonably affect the
16 Bureau's decision to grant an approval to operate. In this context, a fact would
17 be "material" if it would alter the Bureau's determination concerning the
18 institution's ability to comply with any applicable provisions of the Act.

19 (b) The institution may also include in the Form Application 94886 any other
20 facts which the institution would like the Bureau to consider in deciding
21 whether to grant an approval to operate.

22
23 23. Title 5, CCR, section 71700 states:

24 The Bureau may request that an institution document compliance with the
25 standards set forth in the Act and this Division to obtain and maintain an
26 approval to operate.

27
28 24. Title 5, CCR, section 71710 states:

In order to meet its mission and objectives, the educational program defined in
section 94837 of the Code shall be comprised of a curriculum that includes:

...

(c) course or module materials that are designed or organized by duly qualified
faculty. For each course or module, each student shall be provided with a
syllabus or course outline that contains:

...

(f) evaluation by duly qualified faculty of those learning outcomes.

25
26 25. Title 5, CCR, section 71715 states in part:

...

(d) Distance education as defined in section 94834 of the Code, does not
require the physical presence of students and faculty at the same location but
provides for interaction between students and faculty by such means as
telecommunication, correspondence, electronic and computer augmented
educational services, postal service, and facsimile transmission. In addition to

1 the other requirements of this chapter and the Act, an institution offering
2 distance education shall:

3 ...

4 (2) assess each student, prior to admission, in order to determine whether
5 each student has the skills and competencies to succeed in a distance education
6 environment;

7 (3) ensure that the materials and programs are current, well organized,
8 designed by faculty competent in distance education techniques and delivered
9 using readily available, reliable technology;

10

11 26. Title 5, CCR, section 71720 states in part:

12 (a) An Educational Program Leading to a Degree.

13 (1) An institution offering an educational program that leads to a degree
14 shall employ duly qualified faculty sufficient in number to provide the
15 instruction, student advisement, and learning outcomes evaluation necessary for
16 the institution to document its achievement of its stated mission and objectives,
17 and for students to achieve the specific learning objectives of each course
18 offered;

19 ...

20 (4) The faculty shall have sufficient expertise to support the institution's
21 awarding of a degree identifying a specialty or major field of emphasis,
22 demonstrated by, at a minimum:

23 ...

24 (B) The degree, professional license, or credential possessed by the
25 person shall be at least equivalent to the level of instruction being
26 taught or evaluated;

27

28 27. Title 5, CCR, section 71730, subdivision (b) states:

The duties, responsibilities, and performance evaluation criteria for each
administrator shall be set forth in a personnel manual or other writing
maintained by the institution.

28 28. Title 5, CCR, section 71735 states in part:

(a) An institution shall have sufficient facilities and necessary equipment to
support the achievement of the educational objectives of all of the courses and
educational programs in which students are enrolled. If an institution represents
that the educational service will fit or prepare a student for employment in a
particular occupation or as described in particular job titles, either of the
following conditions shall be met:

....

1
2 29. Title 5, CCR, section 71740 states:

3 (a) A degree granting institution shall make available for student use a library
4 and other learning resources.

5 (b) An institution shall provide or make provisions for the library and other
6 learning resources needed to support each educational program it offers,
7 including resources such as reference works, periodicals, monographs, and
8 media and equipment specific to the educational programs offered.

9 (c) An institution shall describe onsite library and other learning resources, if
10 any, that enable students to pursue inquiries, searches for information and
11 documentation, and assignments connected with their study programs.

12 (d) An institution that depends for [sic] library and other learning resources
13 primarily on other institutions' collections and resources not in its possession
14 shall do all of the following:

15 (1) Describe those library and other learning resources, in the application
16 and catalog.

17 (2) Provide students and faculty with access to the regular services of a
18 professional librarian or information specialist experienced in the electronic
19 retrieval of information, who shall provide support for faculty in curriculum
20 matters and actively serve as a resource guide for both graduate and
21 undergraduate students.

22 (3) Assure that students have access to the library collections and
23 resources of another institution, organization, or library.

24 (4) Document compliance with paragraphs (1), (2), and (3).

25 30. Title 5, CCR, section 71745 states:

26 (a) The institution shall document that it has at all times sufficient assets and
27 financial resources to do all of the following:

28 ...

(6) Maintain a ratio of current assets to current liabilities of 1.25 to 1.00
or greater at the end of the most recent fiscal year when using generally
accepted accounting principles, or for an institution participating in Title IV of
the federal Higher Education Act of 1965, meet the composite score
requirements of the U.S. Department of Education. For the purposes of this
section, current assets does not include: intangible assets, including goodwill,
going concern value, organization expense, startup costs, long-term prepayment
of deferred charges, and non-returnable deposits, or state or federal grant or
loan funds that are not the property of the institution but are held for future
disbursement for the benefit of students. Unearned tuition shall be accounted
for in accordance with general accepted accounting principles.

...

1 (c) An institution shall provide to the Bureau its most current financial
statements upon request.

2 31. Title 5, CCR, section 71760 states:

3 Each institution shall develop and maintain adequate procedures used by the
4 institution to assure that it is maintained and operated in compliance with the
Act and this Division.

5 32. Title 5, CCR, section 71770 states in part:

6 (a) The institution shall establish specific written standards for student
7 admissions for each educational program. These standards shall be related to
8 the particular educational program. An institution shall not admit any student
9 who is obviously unqualified or who does not appear to have a reasonable
prospect of completing the program. In addition to any specific standards for an
educational program, the admissions standards must specify as applicable that:

10 (1) Each student admitted to an undergraduate degree program, or a
11 diploma program, shall possess a high school diploma or its equivalent, or
otherwise successfully take and pass the relevant examination as required by
section 94904 of the Code.

12 (2) Each student admitted into a post-baccalaureate degree program shall
13 possess a bachelor's degree or its equivalent. If a graduate program leads to a
14 profession or an occupation requiring state licensure and the licensing agency
does not require that a member of the profession or occupation possess a
Bachelor's degree or its equivalent, this subdivision does not apply.

15

16 (c) If credit for prior experiential learning is to be granted, the policy for
17 granting such credit shall be included in the institution's catalog.

18 (1) An institution may grant credit to a student for prior experiential
learning only if:

19 (A) The prior learning is equivalent to a college or university level
20 of learning;

21 (B) The learning experience demonstrates a balance between theory
and practice and;

22 (C) The credit awarded for the prior learning experience directly
23 relates to the student's degree program and is applied in satisfaction of
some of the degree requirements.

24 (2) Each college or university level learning experience for which credit
25 is sought shall be documented by the student in writing.

26 (3) Each college or university level learning experience shall be evaluated
27 by faculty qualified in that specific subject area who shall ascertain (1) to what
college or university level learning the student's prior experience is equivalent
and (2) how many credits toward a degree may be granted for that experience.

28 (4) The faculty evaluating the prior learning shall prepare a written report

1 indicating all of the following:

2 (A) The documents in the student's record on which the faculty
3 member relied in determining the nature of the student's prior experience;

4 (B) The bases for determining that the prior experience (i) is
5 equivalent to college or university level learning and (ii) demonstrates a
6 balance between theory and practice; and

7 (C) The bases for determining (i) to what college or university level
8 the experience is equivalent and (ii) the proper number of credits to be
9 awarded toward the degree for that experience.

10 (5)(A) The institution shall designate at least one administrator to be
11 responsible for the review of faculty determinations regarding the award of
12 credit for prior experiential learning.

13 (B) The administrator shall document the institution's periodic
14 review of faculty evaluations to assure that the faculty written evaluations
15 and awards of credit comply with this section and the institution's policies
16 and are consistent.

17 (6) The amount of credit awarded for prior experiential learning shall not
18 be related to the amount charged the student for the assessment process.

19 (7)(A) Of the first 60 semester credits awarded a student in an
20 undergraduate program, no more than 15 semester credits may be awarded for
21 prior experiential learning.

22 (B) Of the second 60 semester units (i.e., credits 61 to 120) awarded
23 a student in an undergraduate program, no more than 15 semester credits
24 may be awarded for prior experiential learning.

25 (C) Of the first 30 semester credits awarded a student in a graduate
26 program, no more than 6 semester credits may be awarded for prior
27 experiential learning.

28 (D) Of the second 30 semester credits (i.e., credits 31 to 60)
awarded a student in a graduate program, no more than 3 semester credits
may be awarded for prior experiential learning.

(E) No credit for experiential learning may be awarded after a
student has obtained 60 semester credits in a graduate program.

33. Title 5, CCR, section 71800 states:

24 In addition to the requirements of section 94911 of the Code, an institution shall
25 provide to each student an enrollment agreement that contains at the least the
26 following information:

27 ...

28 (b) Period covered by the enrollment agreement.

(c) Program start date and scheduled completion date.

1 (d) Date by which the student must exercise his or her right to cancel or
2 withdraw, and the refund policy, including any alternative method of
calculation if approved by the Bureau pursuant to section 94921 of the Code.

3 (e) Itemization of all institutional charges and fees including, as applicable:

- 4 (1) tuition;
- 5 (2) registration fee (non-refundable);
- 6 (3) equipment;
- 7 (4) lab supplies or kits;
- 8 (5) Textbooks, or other learning media;
- 9 (6) uniforms or other special protective clothing;
- 10 (7) in-resident housing;
- 11 (8) tutoring;
- 12 (9) assessment fees for transfer of credits;
- 13 (10) fees to transfer credits;
- 14 (11) Student Tuition Recovery Fund fee (non-refundable);
- 15 (12) any other institutional charge or fee.

16

17 34. Title 5, CCR, section 71810 states:

18 (a) Each institution shall provide a catalog pursuant to section 94909 of the
19 Code, which shall be updated annually. Annual updates may be made by the
20 use of supplements or inserts accompanying the catalog. If changes in
21 educational programs, educational services, procedures, or policies required to
be included in the catalog by statute or regulation are implemented before the
issuance of the annually updated catalog, those changes shall be reflected at the
time they are made in supplements or inserts accompanying the catalog.

22 (b) The catalog shall contain the information prescribed by Section 94909 of
23 the Code and all of the following:

24 (1) The specific beginning and ending dates defining the time period
covered by the catalog;

25 ...

26 (7) The institution's policies and procedures for the award of credit for
27 prior experiential learning, including assessment policies and procedures,
provisions for appeal, and all charges that a student may be required to pay;

28 ...

1 (9) A description of the facilities and of the types of equipment and materials that will be used for instruction;

2 (10) A description of library and other learning resources and the
3 procedures for student access to those resources;

4 (11) If the institution offers distance education, the approximate number
5 of days that will elapse between the institution's receipt of student lessons,
6 projects, or dissertations and the institution's mailing of its response or
7 evaluation.

8

9 35. Title 5, CCR, section 71865 states:

10 (a) A Master's degree may only be awarded to a student who demonstrates at
11 least the achievement of learning in a designated major field that is equivalent
12 in depth to that normally acquired in a minimum of 30 semester credits or its
13 equivalent or one year of study beyond the Bachelor's degree.

14 (b) A professional Doctoral degree may only be awarded to a student who has
15 completed a prescribed level of study normally requiring a minimum of three
16 academic years of full-time graduate study or the equivalent in part-time study;
17 or, if the program leads to a profession or occupation requiring state licensure,
18 which satisfies the requirements of the state agency. The degree shall include
19 the name of the field in which it is offered (e.g., Juris Doctor or Doctor of
20 Music).

21

22 36. Title 5, CCR, section 71920 states:

23 (a) The institution shall maintain a file for each student who enrolls in the
24 institution whether or not the student completes the educational service.

25 (b) In addition to the requirements of section 94900, the file shall contain all of
26 the following pertinent student records:

27 (1) Written records and transcripts of any formal education or training,
28 testing, or experience that are relevant to the student's qualifications for
admission to the institution or the institution's award of credit or acceptance of
transfer credits including the following:

(A) Verification of high school completion or equivalency or
other documentation establishing the student's ability to do college level
work, such as successful completion of an ability-to-benefit test;

(B) Records documenting units of credit earned at other
institutions that have been accepted and applied by the institution as
transfer credits toward the student's completion of an educational
program;

(C) Grades or findings from any examination of academic ability
or educational achievement used for admission or college placement
purposes;

1 (D) All of the documents evidencing a student's prior experiential
2 learning upon which the institution and the faculty base the award of any
3 credit;

4 (2) Personal information regarding a student's age, gender, and ethnicity
5 if that information has been voluntarily supplied by the student;

6 (3) Copies of all documents signed by the student, including contracts,
7 instruments of indebtedness, and documents relating to financial aid;

8 (4) Records of the dates of enrollment and, if applicable, withdrawal from
9 the institution, leaves of absence, and graduation; and

10 (5) In addition to the requirements of section 94900(b) of the Code, a
11 transcript showing all of the following:

12 (A) The courses or other educational programs that were
13 completed, or were attempted but not completed, and the dates of
14 completion or withdrawal;

15 (B) Credit awarded for prior experiential learning, including the
16 course title for which credit was awarded and the amount of credit;

17 (C) Credit for courses earned at other institutions;

18 (D) Credit based on any examination of academic ability or
19 educational achievement used for admission or college placement
20 purposes;

21 (E) The name, address, website address, and telephone number of
22 the institution.

23 (6) For independent study courses, course outlines or learning contracts
24 signed by the faculty and administrators who approved the course;

25 (7) The dissertations, theses, and other student projects submitted by
26 graduate students;

27 (8) A copy of documents relating to student financial aid that are required
28 to be maintained by law or by a loan guarantee agency;

(9) A document showing the total amount of money received from or on
behalf of the student and the date or dates on which the money was received;

(10) A document specifying the amount of a refund, including the amount
refunded for tuition and the amount for other itemized charges, the method of
calculating the refund, the date the refund was made, and the name and address
of the person or entity to which the refund was sent;

(11) Copies of any official advisory notices or warnings regarding the
student's progress; and

(12) Complaints received from the student.

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37. Title 5, CCR, section 71930 states:

(a) An institution shall maintain all records required by the Act and this chapter. The records shall be maintained in this state.

...

(c) A record is considered current for three years following a student's completion or withdrawal. A record may be stored on microfilm, microfiche, computer disk, or any other method of record storage only if all of the following apply:

...

(3) The institution has personnel scheduled to be present at all times during normal business hours who know how to operate the devices and can explain the operation of the devices to any person authorized by the Act to inspect and copy records; and

....

38. Title 5, CCR, section 74115 states:

(a) This section applies to every set of financial statements required to be prepared or filed by the Act or by this chapter.

(b) A set of financial statements shall contain, at a minimum, a balance sheet, an income statement, and a cash flow statement, and the preparation of financial statements, shall comply with all of the following:

(1) Audited and reviewed financial statements shall be conducted and prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants by an independent certified public accountant who is not an employee, officer, or corporate director or member of the governing board of the institution.

(2) Financial statements prepared on an annual basis as required by section 74110(b) shall be prepared in accordance with the generally accepted accounting principles established by the American Institute of Certified Public Accountants. Nonprofit institutions shall provide annual financial statements as required under generally accepted accounting principles for nonprofit organizations.

(3) The financial statements shall establish that the institution meets the requirements for financial resources required by Section 71745.

(4) If an audit performed to determine compliance with any federal or state student financial aid program reveals any failure to comply with the requirements of the program and the noncompliance creates any liability or potential liability for the institution, the financial statements shall reflect the liability or potential liability.

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1 (5) Any audits shall demonstrate that the accountant obtained an
2 understanding of the institution's internal financial control structure, assessed
any risks, and has reported any material deficiencies in the internal controls.

3 ...

4 (d) "Current" with respect to financial statements means completed no sooner
5 than 120 days prior to the time it is submitted to the Bureau, and covering no
6 less than the most recent complete fiscal year. If more than 8 months will have
elapsed between the close of the most recent complete fiscal year and the time it
is submitted, the fiscal statements shall also cover no less than five months of
that current fiscal year.

7 39. Title 5, CCR, section 76215 states:

8 (a) A qualifying institution shall include the following statement on both its
9 enrollment agreement for an educational program and its current schedule of
student charges:

10 "You must pay the state-imposed assessment for the Student Tuition
11 Recovery Fund (STRF) if all of the following applies to you:

12 1. You are a student in an educational program, who is a California
13 resident, or are enrolled in a residency program, and prepay all or part of
your tuition either by cash, guaranteed student loans, or personal loans,
and

14 2. Your total charges are not paid by any third-party payer such as an
15 employer, government program or other payer unless you have a separate
agreement to repay the third party.

16 You are not eligible for protection from the STRF and you are not
17 required to pay the STRF assessment, if either of the following applies:

18 1. You are not a California resident, or are not enrolled in a residency
program, or

19 2. Your total charges are paid by a third party, such as an employer,
20 government program or other payer, and you have no separate agreement
to repay the third party."

21 (b) In addition to the statement described under subdivision (a) of this section, a
22 qualifying institution shall include the following statement on its current
schedule of student charges:

23 "The State of California created the Student Tuition Recovery Fund
24 (STRF) to relieve or mitigate economic losses suffered by students in
educational programs who are California residents, or are enrolled in a
25 residency programs attending certain schools regulated by the Bureau for
Private Postsecondary and Vocational Education.

26 You may be eligible for STRF if you are a California resident or are
27 enrolled in a residency program, prepaid tuition, paid the STRF
assessment, and suffered an economic loss as a result of any of the
28 following:

- 1 1. The school closed before the course of instruction was completed.
- 2 2. The school's failure to pay refunds or charges on behalf of a student to
3 a third party for license fees or any other purpose, or to provide
4 equipment or materials for which a charge was collected within 180 days
5 before the closure of the school.
- 6 3. The school's failure to pay or reimburse loan proceeds under a federally
7 guaranteed student loan program as required by law or to pay or
8 reimburse proceeds received by the school prior to closure in excess of
9 tuition and other costs.
- 10 4. There was a material failure to comply with the Act or this Division
11 within 30 days before the school closed or, if the material failure began
12 earlier than 30 days prior to closure, the period determined by the Bureau.
- 13 5. An inability after diligent efforts to prosecute, prove, and collect on a
14 judgment against the institution for a violation of the Act.”

15 However, no claim can be paid to any student without a social security number
16 or a taxpayer identification number.

17 **FACTS**

18 40. On January 6, 2011, the Bureau received an Application for Approval to Operate a
19 Non-accredited Institution (Application # 23055) from Robert N. Hanson, 41% Owner, and Terri
20 B. Hanson, 41% Owner, of Washington Institute for Graduate Studies (Respondents).

21 41. On January 4, 2012, the Bureau sent Respondents a letter advising of numerous
22 deficiencies in the application, including deficiencies in the enrollment agreement and school
23 catalog submitted with the application.

24 42. On February 27, 2012, the Bureau received the Respondents' response to the
25 deficiency letter, which consisted of a revised application for an approval to operate. However,
26 deficiencies remained in the revised application.

27 43. On August 23, 2012, Respondents submitted information to add the Doctor of
28 Taxation program to their existing application for an approval to operate.

44. On May 3, 2013, the Bureau sent Respondents a Notice of Denial of the application
for an approval to operate because deficiencies in the application and the documents submitted
with the application rendered the application incomplete.

45. On July 31, 2014, Respondent submitted additional documents in support of its
application for an approval to operate. Deficiencies in the application continue to exist.

1 **FIRST CAUSE FOR DENIAL**

2 **(Providing Misleading or Inaccurate Information on Application)**

3 46. Respondents' application is subject to denial under title 5, CCR, sections 71100,
4 71130(c)(2) and (4), 71340(a), 71400.5(a) and Code section 94897(j)(3) in that Respondents'
5 application included false or misleading information and/or failed to include material facts, which
6 had not otherwise been disclosed in the Form Application 94886 that without inclusion would
7 cause the information in the Form Application 94886 to be false, misleading or incomplete or that
8 might reasonably affect the Bureau's decision to grant an approval to operate. The circumstances
9 are as follows.

10 47. Question 3.2 of the Application for an Approval to Operate a Non-accredited
11 Institution (Form 94886) stated:

12 3.2 Attach a Statement from anyone listed in 3.1 who:

13 a) Was found in any judicial or administrative proceeding to have violated the
14 Act or the law of any other state related to untrue or misleading advertising, the
15 solicitation of prospective students for enrollment in an educational service, or
16 the operation of a postsecondary school.

17 b) Was denied any type of license on grounds set forth in Section 480 of the
18 Business and Professions Code.

19 ...

20 d) Has stipulated to a judgment or administrative order or entered a consent
21 decree involving any matters described in this section.

22

23 Respondents' answer to this question was "N/A."

24 48. Respondents failed to disclose that their application to register a postsecondary
25 proprietary school in Utah was denied based on the filing of an incomplete application pursuant to
26 Utah Code Ann. Section 13-34-113(1)(b)(i). Respondents withdrew their objection and/or
27 petition regarding the denial of their application and the Order denying Respondents' application
28 became final on November 17, 2008.

49. Respondents submitted "Historical Highlights from 1976 to Present" to the Bureau
with their application. Respondents did not disclose in the "Historical Highlights" that the

1 institution was denied registration to operate in Utah and ordered to cease and desist. The
2 institution's stated reason for the move to California was to "...better take advantage of a peer-
3 institution collaboration."

4 50. The denial of Respondents' application for registration to operate a postsecondary
5 propriety school in Utah is a material fact, which Respondents did not disclose in the Form
6 Application 94886. The failure to disclose this fact causes the information in the Form
7 Application 94886 to be false, misleading or incomplete or that might reasonably affect the
8 Bureau's decision to grant an approval to operate.

9 **SECOND CAUSE FOR DENIAL**

10 **(Agent for Service of Process)**

11 51. Respondents' application is subject to denial under title 5, CCR, sections 71100 and
12 71135 in that Respondents' application was incomplete for failure to include the address of their
13 agent for service of process as requested on page 3 of the application submitted to Bureau.

14 **THIRD CAUSE FOR DENIAL**

15 **(Insufficient Description of Job Duties of Administration and Faculty)**

16 52. Respondents' application is subject to denial under title 5, CCR, sections 71100,
17 71140(b) and 71730(b), in that Respondents failed to provide a sufficiently detailed description
18 of the job duties and responsibilities of each administrative and faculty position in their
19 application. The vague description of the job duties of the administrative and faculty positions
20 fails to evidence the school's capacity to meet the minimum operating standards pursuant to the
21 Act.

22 **FOURTH CAUSE FOR DENIAL**

23 **(Lack of Required Language in Enrollment Agreement)**

24 53. Respondents' application is subject to denial under title 5, CCR, sections 71100 and
25 Code section 94887 in that the school's enrollment agreement submitted with Respondents'
26 application failed to comply with the Bureau's statues and regulations in that the school's
27 enrollment agreement failed to include, or failed to correctly set forth:

- 1 a. an itemization of all institutional charges and fees and charges paid to an entity other
2 than an institution that is specifically required for participation in the education program, as
3 required by title 5, CCR, 71800(e)-(f).
- 4 b. a schedule of total charges to provide an accurate cost to the student per semester,
5 including a list of any charges that are nonrefundable and the student's obligations to the Student
6 Tuition Recovery Fund, as required by Code section 94911(b).
- 7 c. a clear and conspicuous statement that the enrollment agreement is legally binding
8 when signed by the student and accepted by the institution as required by Code section 94911(d).
- 9 d. the school's correct name and educational program in the "NOTICE CONCERNING
10 TRANSFERABILITY OF CREDITS AND CREDENTIALS EARNED" as set forth in Code
11 sections and 94909(a)(15) and 94911(h).
- 12 e. the required language regarding the Bureau and filing a complaint with the Bureau as
13 required by Code section 94911(j).
- 14 f. the required language regarding the period covered by the enrollment agreement as
15 required by title 5, CCR, 71800(b).
- 16 g. the required language regarding the program start date and completion dates as
17 required by title 5, CCR, 71800(c).
- 18 h. the required language regarding the date by which the student must exercise his or her
19 right to cancel or withdraw, and the refund policy, as required by title 5, CCR, 71800(d).
- 20 i. the specific required language related to the Student Tuition Recovery Fund (STRF)
21 as set forth in title 5, CCR, section 76215(a).
- 22 j. total charges for the current period of attendance as required by Code section
23 94911(c).
- 24 k. the specific required language as set forth below and a line for the student to initial as
25 required by Code section 94911(i)(1) and (2):

26 Prior to signing this enrollment agreement, you must be given a catalog or
27 brochure and a School Performance Fact Sheet, which you are encouraged to
28 review prior to signing this agreement. These documents contain important
policies and performance data for this institution. This institution is required to
have you sign and date the information included in the School Performance

1 Fact Sheet relating to completion rates, placement rates, license examination
2 passage rates, salaries or wages, and the most recent three-year cohort default
3 rate, if applicable, prior to signing this agreement.

4 **FIFTH CAUSE FOR DENIAL**

5 **(Lack of Information Regarding Instruction and Degrees Offered)**

6 54. Respondents' application is subject to denial under title 5, CCR, sections 71100 and
7 71210, 71710 and 71715 as incomplete for the following reasons:

8 a. Respondents failed to provide the following information for each educational
9 program offered as required by title 5, CCR, section 71210:

10 (1) The admissions requirements, including minimum levels of prior education,
11 preparation, or training;

12 (2) If applicable, information regarding the ability-to-benefit examination as required
13 by section 94904 of the Code;

14 (3) The types of general education required;

15 (4) The title of the educational programs offered;

16 (5) The method of instruction;

17 (6) The graduation requirements; and

18 (7) Whether the educational program is designed to fit or prepare students for
19 employment in any occupation, and each occupation and job title to which each educational
20 program is represented to lead.

21 b. Respondents failed to provide the Bureau with a pre-admission questionnaire or
22 assessment in order to determine whether each student has the skills and competencies to succeed
23 in a distance education environment, as required in title 5, CCR, section 71715(d)(2).

24 c. Respondents failed to provide the Bureau with a sample syllabi as requested by the
25 Bureau pursuant to title 5, CCR, section 71220.

26 d. Respondents failed to provide the Bureau with information regarding who developed
27 and/or authored the school's curriculum as requested by the Bureau pursuant to title 5, CCR,
28 sections 71340 and 71715(d)(3).

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1 **SIXTH CAUSE FOR DENIAL**

2 **(Lack of Minimum Educational Requirements to Award**
3 **a Graduate Degree in Taxation)**

4 55. Respondents' application is subject to denial under title 5, CCR, sections 71100 and
5 71865 in that Respondents' application failed to demonstrate the minimum educational
6 requirements to award a graduate degree in taxation.

7 56. Respondent's catalog indicates completion of 24 semester units will result in the
8 award of a Masters Degree in Taxation. A minimum of 30 semester units is required for a
9 Masters Degree.

10 57. The doctoral program presented in Respondents' application did not have the
11 prescribed level of study, which was a minimum of three academic years of full time graduate
12 study, and did not clearly contain specific graduation requirements in order to award a doctorate.
13 The application did not include the admission requirements, credit transfer requirements, course
14 requirements, graduation requirements and articulation agreements with other campuses as
15 required by title 5, CCR section 71210(c). In addition, the course listing for the Doctor of
16 Taxation was the same as the Master of Science in Taxation.

17 **SEVENTH CAUSE FOR DENIAL**

18 **(Lack of Current Financial Statements)**

19 58. Respondents' application is subject to denial under title 5, CCR, sections 71100,
20 71745(a)(6) and 74115(d) in that Respondents' application failed to provide a current financial
21 statement as defined in title 5, CCR, section 74115(d) that was reviewed or audited by a Certified
22 Public Accountant that showed that the institution had the required ratio of current assets to
23 current liabilities of 1.25 to 1.0.

24 **EIGHTH CAUSE FOR DENIAL**

25 **(Lack of Qualifications of the Institution's Faculty)**

26 59. Respondents' application is subject to denial under title 5, CCR, sections 71100,
27 71710(c) and (f), 71715(d)(3) and 71720(a)(4)(B) and Code section 94909(a)(7) in that
28 Respondents' application failed to demonstrate that the institution's faculty for the Doctor of

1 Taxation program possessed a degree that was equivalent to the level of instruction being taught
2 or evaluated. Also, the faculty information provided was insufficient for the Bureau to properly
3 assess the qualifications of the faculty. The supporting documents provided with the application
4 and the faculty disclosure in the catalog were the same. The institution's method of delivering
5 educational instruction was distance education via DVD. Respondents did not identify the
6 authors for the curriculum, provide the curriculum vitae of the faculty or the location of the
7 faculty members. Since the location of the faculty was not disclosed, faculty involvement in
8 course development and syllabi could not be assessed by the Bureau.

9 **NINTH CAUSE FOR DENIAL**

10 **(Deficiencies Regarding Facilities, Records and Equipment)**

11 60. Respondents' application is subject to denial under title 5, CCR, sections 71100, and
12 71260 in that Respondents' application was incomplete as follows:

13 a. Respondents failed to include a description of the institution's facilities and
14 equipment, including building diagrams or campus maps that identify the location of classrooms,
15 laboratories, workshops and libraries, as required by title 5, CCR, section 71260(a) and (c) and
16 71735(a).

17 b. Student records were not kept in the State of California as required by title 5, CCR,
18 section 71930(a) and Code section 94900.5.

19 c. The institution did not have personnel scheduled to be present at all times during
20 normal business hours as required by title 5, CCR, section 71930(c)(3).

21 d. Respondents failed to include a description of library holdings, services, and other
22 learning resources, including policies and procedures for supplying them to students who do not
23 receive classroom instruction. There was no explanation of how the library and other learning
24 resources were sufficient to support the instructional needs of students and, if no facilities existed
25 at the institution, how and when students could obtain access to a library and other learning
26 resources as required by the curriculum. This information is required pursuant to title 5, CCR,
27 sections 71270 and 71740.

28 ///

1 **TENTH CAUSE FOR DENIAL**

2 **(Lack of Required Language in School Catalog)**

3 61. Respondents' application is subject to denial under title 5, CCR, sections 71100 and
4 71810 and Code section 94909 in that the school's catalog submitted with Respondents'
5 application failed to comply with the Bureau's statues and regulations in that the school catalog
6 failed to include:

7 a. the address or addresses where class sessions will be held as required by Code section
8 94909(a)(4).

9 b. the specific beginning and ending dates covered by the catalog as required by title 5,
10 CCR, section 71810(b)(1).

11 c. a statement specifying whether the institution had a pending petition in bankruptcy,
12 had filed a petition within the preceding five years, or had a petition in bankruptcy filed against it
13 within the preceding five years that resulted in reorganization under Chapter 11 of the U.S.
14 Bankruptcy Code as required by Code section 94909(a)(12).

15 d. a description of the facilities and of the types of equipment and materials that would
16 be used for instruction as required by title 5, CCR, section 71810(b)(9).

17 e. a description of library and other learning resources and the procedures for student
18 access to those resources catalog as required by title 5, CCR, section 71810(b)(10).

19 f. the admissions policies are not in compliance with title 5, CCR, section 71770(a)(2).

20 g. The institution's policies and procedures or the award of credit for prior experiential
21 learning, including assessment policies and procedures, provisions or appeal, and all charges that
22 a student may be required to pay, do not comply with title 5, CCR, section 71770(c).

23 h. The catalog does not contain a statement specifying whether the institution or any of
24 its degree programs are accredited by an accrediting agency recognized by the United States
25 Department of Education. And if the institution is unaccredited and offers an associate,
26 baccalaureate, master's, or doctoral degree, or is accredited and offers an unaccredited program
27 for an associate, baccalaureate, master's, or doctoral degree, the language required in Code
28 section 94909(a)(16).

1 i. a detailed description of the institution's probation and dismissal policies as required
2 by Code section 94909(a)(8)(C).

3 j. a detailed description of the institution's attendance polices as required by Code
4 section 94909(a)(8)(D).

5 k. a detailed description of the institution's leave-of-absence policy as required by Code
6 section 94909(a)(8)(E).

7 l. If the institution offers distance education, the approximate number of days that will
8 elapse between the institution's receipt of student lessons, projects, or dissertations and the
9 institution's mailing of its response or evaluation, as required by title 5, CCR, section
10 71810(b)(11).

11 **ELEVENTH CAUSE FOR DENIAL**

12 **(Lack of Required Information on School Website)**

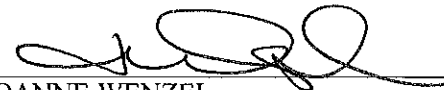
13 62. Respondents' application is subject to denial under Title 5, CCR, section 71100 in
14 that the school's website does not contained the information required by Code section 94913,
15 subdivision (a).

16 **PRAYER**

17 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,
18 and that following the hearing, the Director of the Department of Consumer Affairs issue a
19 decision:

- 20 1. Denying the application of Robert N. Hanson and Terri B. Hanson for an approval to
21 operate Washington Institute for Graduate Studies, a non-accredited institution; and,
22 2. Taking such other and further action as deemed necessary and proper.

23
24 DATED: 2/24/15


25 JOANNE WENZEL
26 Chief
27 Bureau for Private Postsecondary Education
28 Department of Consumer Affairs
State of California
Complainant

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